

## Message Text

LIMITED OFFICIAL USE

PAGE 01 KHARTO 00265 281357Z

47

ACTION OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 COME-00 CIAE-00 INR-07

NSAE-00 L-03 SS-15 NSC-05 EUR-12 /062 W

----- 065144

P 281325Z JAN 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC PRIORITY 1020

LIMITED OFFICIAL USE KHARTOUM 0265

PASS OPIC (FOR FRANK HILL)

E.O. 11652: N/A

TAGS: EINV, EFIN, SU

SUBJECT: STATUS OF PORT SUDAN CEMENT PROJECT

REF: KHARTOUM 0121 AND PREVIOUS

1. DEPARTMENT MAY HAVE LEARNED FROM FRANK HILL STATUS OF CEMPRO PROJECT AS OF JAN. 24. WE WOULD LIKE TO SUMMARIZE UPDATED SITUATION IN CONNECTION WITH AMBASSADOR'S POSSIBLE CALL ON PRES. NIMEIRI (SEPTTEL).

2. SINCE DELIVERY OF MAYS LETTER (75 STATE 287397), TO WHICH NO FORMAL RESPONSE YET RECEIVED, MINISTER OF INDUSTRY APPEARS TO HAVE ADOPTED ANTAGONISTIC POSITION VIS-A-VIS CEMPRO PROJECT, NOTWITHSTANDING FACT HE SIGNED FORMAL LICENSE MAY 19, 1975. NOW HIS MINISTRY NOT ONLY REFUSES TO PARTICIPATE IN PROJECT (POSITION COMMUNICATED TO CEMPRO LAST JUNE 30), BUT IN LETTER DATED JAN. 11, 1976, IT HAS (A) FORBIDDEN CEMRP U.S. INVESTORS TO SEEK SUDANESE PRIVATE INVESTORS (DESPITE FACT MINFIN BIHEIRY TOLD THEM PRECISE OPPOSITE IN WASHINGTON LAST SEPTEMBER), AND (B) REOPENED QUESTION OF PRICE (LS 22/MT) IT HAS AGREED TO APRIL 19, 1975, FOR DELIVERY OF 100,000 MT TONS PER ANNUM FROM PLANT'S TOTAL PRODUCTION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KHARTO 00265 281357Z

3. IN ACRIMONIOUS MEETING WITH MIN INDUSTRY JAN. 24, KH, FINN AND HILL WERE TOLD MINISTER ALONE AUTHORIZED TO SIGN DOCUMENTS AND THUS APRIL 19 AGREEMENT INVALID. MOREOVER, PRIVATE INVESTORS HAD "NO RIGHT TO INVEST IN THIS (BEGIN UNDERLINE) OR ANY OTHER PROJECT (END UNDERLINE) IN COUNTRY EXCEPT ON CONCESSIONARY BASIS APPROVED BY MINISTER OF INDUSTRY." (EMB COMMENT: CARRIED TO ITS LOGICAL CONCLUSION, THIS WOULD MEAN BADR AL-DIN SULIMAN COULD DECIDE NOT ONLY WHETHER OR NOT PROJECTS WILL BE LICENSED BUT ALSO, IN DETAIL, WHO WILL BE ALLOWED TO PARTICIPATE.) CEMPRO LEGAL COUNSEL RENDERED OPINION, ON BASIS OF DOCUMENTATION PUT BEFORE HIM, THAT MIN INDUSTRY HAD NO LEGAL BASIS FOR IMPOSING EITHER OF ABOVE CONDITIONS, BUT DID NOT ADDRESS QUESTION OF WHETHER MIN INDUSTRY HAS LEGAL RIGHT PASS ON POST-LICENSING CHANGES IN CORPORATE OWNERSHIP.

4. EVIDENCE SUGGESTS REASON MIN INDUSTRY ATTITUDE IS POSSIBILITY OF ANOTHER CEMENT PLANT (STATE 007170), IN WHICH MIN INDUSTRY WOULD CONTROL GOS SHARE, AND PERHAPS NEED TO KEEP KUWAITIS HAPPY IN VIEW THEIR BAIL-OUT OF KENANA PROJECT (KHARTOUM 0249). UNDERSTAND FROM CEMPRO THAT KUWAITI DELEGATION DUE IN KHARTOUM THIS WEEK TO NEGOTIATE DETAILS OF SECOND PROJECT. CEMPRO VERY RELUCTANT SEEK COMPROMISE WITH KUWAITIS PARTLY BECAUSE FINANCIAL ATTRACTIVENESS OF PROJECT WOULD THEREBY BE REDUCED AND PARTLY BECAUSE, THROUGH FINN'S FIRM, ROBERT FLEMING, CEMPRO HAS BEEN GIVEN TO BELIEVE KUWAITIS ARE FAR FROM UNANIMOUSLY INTERESTED IN PRESSING ISSUE OF CEMPRO'S ELIMINATION. BREWER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, CEMENT, PROGRAMS (PROJECTS), JOINT VENTURES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976KHARTO00265  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760032-0706  
**From:** KHARTOUM  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760114/aaaaalzy.tel  
**Line Count:** 92  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION OPIC  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 KHARTOUM 121  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUL 2004 by ElyME>; APPROVED <02 JUL 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** STATUS OF PORT SUDAN CEMENT PROJECT  
**TAGS:** EINV, EFIN, BENC, SU  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006